

Message Text

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72

ACTION ARA-20

INFO OCT-01 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-03 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 TAR-02 L-03

H-03 COME-00 FRB-03 PA-04 PRS-01 CIAE-00 NSAE-00

NSCE-00 SSO-00 USIE-00 INRE-00 DRC-01 /114 W

----- 032008

O 292205Z JUL 74

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC IMMEDIATE 4745

C O N F I D E N T I A L SECTION 1 OF 2 BRASILIA 5623

FOR ASSISTANT SECRETARY KUBISCH FROM AMBASSADOR CRIMMINS

E.O.11652: GDS

TAGS: ETRD, BR

SUBJECT: COUNTERVAILING DUTIES

REF: A. STATE 163985 B. STATE 163983 C. BRASILIA 5532

1. I AM MOST GRATEFUL FOR THE REPLY TO THE BRAZILIAN NOTE OF JUNE 25 CONTAINED IN REFTEL (A). IT IS A GOOD NOTE AND DOES THE JOB NICELY, I THINK. I HAVE ONLY ONE VERY MINOR TEXTUAL CHANGE TO PROPOSE IN PARA 1. IN ORDER TO AVOID THE PRESENT AWKWARDNESS OF THE SECOND SENTENCE, THE FIRST SENTENCE OF PARA 1 SHOULD BE CHANGED TO READ AFTER " JUNE 25, 1974", "AND TO THE AIDE MEMOIRE OF THE BRAZILIAN EMBASSY IN WASHINGTON, DATED JUNE 17, 1974, DELIVERED TO THE TREASURY DEPARTMENT ETC."

2. SINCE SOME POINTS IN YOUR TELEGRAM LEAD ME TO BELIEVE THAT THERE MAY BE SOME MISUNDERSTANDING ABOUT THE SEQUENCE OF PROPOSED ACTIONS AND THEIR PURPOSES, I WOULD LIKE TO REPEAT THE RATIONALE BEHIND THEM. THERE ARE TWO PHASES INVOLVED, EACH CONTAINING TWO ELEMENTS. THE PURPOSE OF THE FIRST PHASE IS ONLY TO PUT A PERIOD TO THE GOB POLITICAL
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EFFORT. THAT PHASE IDEALLY WOULD SEE THE DELIVERY OF

BOTH OUR NOTE AND THE SECRETARY'S LETTER TO SILVEIRA, THE SOONER THE BETTER BUT AT LEAST ONE WEEK BEFORE THE DATE OF THE ANNOUNCEMENT OF A DECISION TO COUNTERVAIL. THE TWO DOCUMENTS--ONE ON THE FORMAL "OFFICIAL" PLANE, THE OTHER ON THE "PERSONAL" PLANE--DO NOT RPT NOT HAVE TO AWAIT A FINAL DECISION TO COUNTERVAIL AND HAVE NOTHING TO DO WITH TECHNICAL DATA. THEY WILL CERTAINLY FORSHADOW THE INEVITABILITY OF A DECISION TO COUNTERVAIL, BUT JUST AS OUR NOTE DOES NOT STATE THAT A DECISION TO COUNTERVAIL HAS BEEN MADE, NEITHER DOES THE SECRETARY'S LETTER HAVE TO SAY SO. THE SECOND PHASE HAS AS ITS PURPOSE ADVANCE NOTIFICATION (BY AT LEAST 36 HOURS) TO THE GOB OF THE FACT THAT A DECISION HAS BEEN MADE, OF THE TERMS OF THAT DECISION, AND OF THE TIME OF THE ANNOUNCEMENT OF THAT DECISION. THIS SECOND PHASE CONTAINS TWO ACTION: AN ORAL NOTIFICATION BY ME TO SILVEIRA AND THE NEAR-SIMULTANEOUS DELIVERY TO SIMONSEN OF A NOTIFICATION LETTER TO HIM FROM SECRETARY SIMON.

3. ONE OF THE POSSIBLE SOURCES OF CONFUSION IN ALL THIS IS THAT WE IN BRASILIA ARE IN THE DARK ABOUT THE TIME CONSTRAINTS TREASURY IS UNDER. WE HAVE BEEN GOING ON THE ASSUMPTION THAT TREASURY WISHED TO MOVE VERY QUICKLY AFTER THE RECEIPT OF THE BRAZILIAN DATA. IT WOULD BE HELPFUL TO HAVE, IF POSSIBLE, SOME IDEA OF THE CURRENT WASHINGTON THINKING ON THIS POINT.

4. AGAINST THIS BACKGROUND, I WANT TO ADDRESS SPECIFIC ISSUES RAISED IN YOUR TELEGRAM (REFTEL (B)). FIRST, WITH RESPECT TO PARA 2 OF YOUR TELEGRAM, I THOROUGHLY AGREE, AND HAVE ALWAYS HAD IN MIND, THAT THE LETTER TO SIMONSEN SHOULD BE DELIVERED ONLY AFTER THE BRAZILIAN DATA HAD BEEN EVALUATED BY TREASURY. AS I HAVE EXPLAINED AGAIN ABOVE, THE SIMON-TO-SIMONSEN WOULD IN FACT BE THE LAST STEP IN THE PROCESS SHORT OF THE PUBLIC ANNOUNCEMENT. (I REPEAT THE CAVEAT THAT, IF FOR SOME REASON, TREASURY DOES NOT ACCEPT THE BRAZILIAN DATA AND THE RATE IS SET HIGHER THAN THE BRAZILIAN DATA INDICATE, THEN WE WOULD HAVE A DIFFERENT AND MUCH WORSE CASE THAT MIGHT COUNSEL AGAINST A LETTER AND THAT, IN
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ANY EVENT, WOULD NECESSITATE THE USE OF A MUCH DIFFERENT TONE.)

5. CONCERNING THE DESIRABILITY OF AWAITING A LETTER FROM SIMONSEN, WE INTERPRETED THE ORAL MESSAGE GIVEN TO ME BY SIMONSEN FOR SECRETARY SIMON (BRASILIA 5513) AS BEING IN LIEU OF THE LETTER MENTIONED EARLIER BY SIMONSEN. WE HAVE NOW CHECKED WITH SIMONSEN'S OFFICE, AND IT HAS BEEN

CONFIRMED TO US THAT HE NO LONGER INTENDS TO WRITE TO SECRETARY SIMON SINCE THE SUBSTANCE OF THE PROPOSED LETTER HAD BEEN TRANSMITTED TO ME ORALLY FOR PASSAGE TO SECRETARY SIMON.

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INFO OCT-01 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

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O 292205Z JUL 74

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC IMMEDIATE 4746

C O N F I D E N T I A L SECTION 2 OF 2 BRASILIA 5623

FOR ASSISTANT SECRETARY KUBISCH FROM AMBASSADOR CRIMMINS

6. RE PARA 3 OF REFTEL (B): GIVEN THE PURPOSE OF THE SIMON LETTER AND ITS TIMING AND GIVEN THE CATEGORICAL NATURE OF SIMONSEN'S STATEMENTS DISCARDING THE OPTION OF WITHDRAWING THE BOUNTY OR GRANT (PLEASE SEE SEPTTEL FOR A NEW, CONFIRMATORY DEVELOPMENT), I SEE, ON THE BASIS OF THE INFORMATION AVAILABLE TO ME, NO REASON TO DISRUPT THE SEQUENCE BY THE INSERTION OF THE STEP SUGGESTED. I STRESS THT A LETTER FROM SECRETARY SIMON TIMED AS THE REFTEL SUGGESTS WOULD HAVE TO HAVE A CHARACTER COMPLETELY DIFFERENT FROM THE ONE I ENVISAGED, WHICH, I REPEAT, IS ONE OF NOTIFICATION OF THE FINAL DECISION. I REALIZE THAT THERE MAY BE SOME SPECIAL CONSIDERATIONS IN WASHINGTON THAT I AM IGNORANT OF, BUT IN ANY EVENT I WOULD APPRECIATE INFORMATION ON WHAT THE DIFFERENTLY TIMED LETTER YOU HAVE IN MIND WOULD SAY.

7. ALTHOUGH I RECOGNIZE THAT SIMULTANEOUS ANNOUNCEMENTS ON ARGENTINA AND SPAIN AS WELL AS BRAZIL ARE ONLY A POSSIBILITY,

I AM ENCOURAGED BY THE EXISTENCE OF THE POSSIBILITY BECAUSE, IF
REALIZED, IT WOULD BE OF GREAT HELP IN
DESTROYING THE GOB ALLEGATION OF DISCRIMINATION.

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8. WITH RESPECT TO THE TIMING OF THE SECRETARY'S LETTER
TO SILVEIRA, I AM A LITTLE PUZZLED BY THE REFERENCE TO
SIMONSEN'S LETTER AND THE RECEIPT OF THE BRAZILIAN
TECHNICAL DATA AS FACTORS IN TIMING BECAUSE IT MAY INDICATE
A LACK OF COMPLETE UNDERSTANDING BETWEEN US OF THE
LIMITED (BUT CRITICAL) ROLE OF THE LETTER. BECAUSE OF
MY THESIS THAT THE LETTER, PLUS OUR NOTE, SHOULD PERFORM
THE FUNCTION OF CLOSING THE POLITICAL DOOR ONCE AND FOR
ALL AND SHOULD BE DISTINCT FROM THE SECOND, NOTIFICATION
PHASE OF THE PROCESS, I MUCH PREFER TO HAND OVER THE
SECRETARY'S LETTER TO SILVEIRA WHEN I DELIVER THE NOTE.
I APPRECIATE THE PROSPECT OF A DELAY IN THE RECEIPT OF
THE FINAL TEXT, HOWEVER, AND IF IT WERE TO BE SO DELAYED
AS TO MAKE DELIVERY IMPOSSIBLE AT LEAST A WEEK BEFORE
THE DECISION TO COUNTERVAIL, THEN I WOULD GO AHEAD
WITH THE TRANSMITTAL OF OUR NOTE WITHOUT THE LETTER.
I WOULD WANT, HOWEVER, TO BE AUTHORIZED TO STATE ORALLY
THAT A LETTER WAS EN ROUTE FROM THE SECRETARY SAYING
THAT A POLITICAL SOLUTION WAS IMPOSSIBLE.

9. IF WE CAN FOLLOW THE SEQUENCE I HAVE SUGGESTED
REASONABLY CLOSELY, IF THE TREASURY FINDS THE BRAZILIAN
DATA ACCURATE AND ACCEPTABLE WITHIN THE TERMS OF THE LAW,
IF WE CAN MAKE SIMULTANEOUS ANNOUNCEMENTS CONCERNING
OTHER COUNTRIES, AND IF THE ANNOUNCEMENT ABOUT BRAZIL
IS MADE ALONG THE LINES PREVIOUSLY INDICATED, IT ESTIMATE
THAT WE WILL HAVE PUT OURSELVES IN JUST ABOUT THE BEST
POSITION AND THAT THE BRAZILIAN REACTIONS WILL
HAVE BEEN APPRECIABLY ATTENUATED.
CRIMMINS

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Message Attributes

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Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
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Disposition Reason:
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